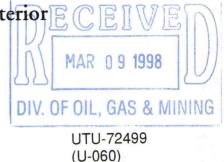




## United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District 82 East Dogwood Avenue Moab, Utah 84532



MAR 5 1998

Mr. Bob Prescott, Vice-President Operations Summo USA Corporation P.O. Box 847 Moab, Utah 84532

Dear Mr. Prescott:

By memorandum dated March 3, 1998, the Bureau of Land Management (BLM) Utah State Office Deputy State Director has conducted a review of Summo USA's bonding for the Lisbon Valley Copper Project in accordance with the Bureau's current bonding regulations at 43 CFR 3809.1-9.

The changes in the new regulations, and the Deputy State Director's review in accordance with these new provisions, indicates the following:

- The minimum \$2,000 per acre, or fraction thereof, has been met. Calculations in the Deputy State Director's memo indicate current coverage on Federal lands to be \$4,203 per acre. The total per acreage amount, which includes state, federal and private lands calculates to \$6,808 per acre. The per acre amount accepted by the State of Utah is \$6,808.
- The requirement for certification by a third party professional engineer registered to practice in Utah, has been met with the State of Utah's acceptance and approval of the financial guarantee.
- The form of the financial guarantee is a legal financial guarantee in Utah, redeemable by the Secretary.
- The financial guarantee is sufficient to cover 100% of cost of reclamation and is calculated as if a third party contractor were performing the reclamation.

Additionally, the Deputy State Director's review indicates that based on BLM analysis of the additional hydrogeologic data collected and analyzed for Summo USA by Adrian Brown Consultants in 1997, the requirement for a long-term "trust" bond is no longer appropriate, as had been recommended in the Deputy State Director's original bond coverage memorandum dated March 6, 1997. The March 3, 1998 memorandum does, however, recommend that the ROD requirement for an annual review of hydrogeologic model and pit lake monitoring and water quality assessment reports should be continued to assure current model predictions are accurate and that no unacceptable long-term impacts are identified.

The bonding will also undergo regular review and BLM retains the authority to modify the bond as future circumstances may warrant.

Please call Lynn Jackson in our office at (435) 259-2150 if you have any questions concerning the foregoing.

Sincerely,

/s/ Katherine Kitchell

Katherine Kitchell Moab District Manager

cc:

Utah Division of Oil, Gas and Mining
Utah BLM State Office (UT-93013)
(UT-93213)
Pat Gochnour, Gochnour and Associates

1037/088

Wayne 1 Tony -We've finished all our neview of new hydrogeologic data and modeling. Everything looking good. Whole shows no impact to Navajo aguiter long term, i.e. Class III protection levels will not be exceeded. We've finalized our legal briefings on the appeal and will tile w/ IBLA 3/9/98. Then we wait ... Enclosed for your records is a neview of Summo's bond in accordance w/ "new" negs (2/97 nego). It also passed muster. Will let ya'll know when we here something from ISA.

Lynn Jackson 3/5/58